

Reliance Textile Industries Limited

Annual Report 1983

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Figures in \$ are US \$	

BOARD OF DIRECTORS

DHIRUBHAI H. AMBANI (Chairman & Managing Director)
RAMNIKLAL H. AMBANI (Joint Managing Director)
K. GOPAL RAO
JAYANTIL R. SHAH
MANSINGH BHAKTA
K. SANTHAPPA SHENOY (Nominee Director-G.I.C.)
ARJAN J. ADVANI (Nominee Director-I.C.I.C.I.)
T. RAMESH U. PAI
NATVARLAL H. AMBANI (Executive Director)
RAMANLAL C. PATEL (Executive Director)
RASIKLAL L. MESWANI (Executive Director)
MUKESH D. AMBANI (Executive Director)

SECRETARY

VINOD M. AMBANI

SOLICITORS & ADVOCATES

KANGA & CO
DAVE & CO.

AUDITORS

RAJENDRA & CO
CHATURVEDI & SHAH

BANKERS

SYNDICATE BANK
STATE BANK OF INDIA
CANARA BANK
BANK OF BARODA
INDIAN BANK
GRINDLAY'S BANK P.L.C.

REGISTERED OFFICE

3RD FLOOR, MAKER CHAMBERS IV
222, NARIMAN POINT BOMBAY 400 021

REGISTRARS & TRANSFER AGENTS

RELIANCE CONSULTANCY SERVICES LIMITED
56, MOGRAQ VILLAGE LANE, OFF OLD NAGARDAS ROAD
ANDHERI (EAST), BOMBAY 400 069

PLANTS

1. POLYESTER YARN UNIT
PATALGANGA OFF: BOMBAY POONA ROAD
NEAR PANVEL, DIST RAIGAD.
MAHARASHTRA
2. NARODA UNIT
103/106, NARODA INDUSTRIAL ESTATE,
NARODA, AHMEDABAD.
3. SIDHPUR UNIT
SIDHPUR, MEHSANA DIST, NORTH GUJARAT

FINANCIAL HIGHLIGHTS

(in million)

		1983	
		Rs.	\$
Sales		5028.25	475.17
Other income		46.80	4.42
	(A)	5075.05	479.59
Manufacturing Expenses		4160.77	393.19
Loss on sale and/or discard of assets (Net)		—	—
Interest		215.21	20.34
	(B)	4375.98	413.53
Gross Profit (A-B)	(C)	699.07	66.06
Depreciation		313.83	29.66
	(D)	313.83	29.66
Net Profit (C-D)	(E)	385.24	36.40
WHAT THE COMPANY OWNED			
Fixed Assets			
Gross Block		3948.81	373.16
Less: Depreciation (cumulative)		734.18	69.38
Net Block		3214.63	303.78
Investments		1.21	0.11
Current Assets		2151.92	203.36
		5367.76	507.25
WHAT THE COMPANY OWED			
Long Term Funds		2399.90	226.79
Medium/Short Term Funds		354.93	33.54
Current Liabilities & Provisions		1314.15	124.19
		4068.98	384.52
NET WORTH OF THE COMPANY			
Equity Share Capital		361.51	34.16
Preference Share Capital		58.00	5.48
Reserves & Surplus		879.27	83.09
		1298.78	122.73

1982			1981		1980		1979	
	Rs.	\$	Rs.	\$	Rs.	\$	Rs.	\$
	4063.31	383.98	3016.57	285.06	2076.75	196.25	1551.25	146.59
	25.15	2.38	36.37	3.44	25.51	2.41	25.02	2.36
	4088.46	386.36	3052.94	288.50	2102.26	198.66	1576.27	148.95
	3465.83	327.52	2578.32	243.65	1809.76	171.02	1380.02	130.41
	--	--	--	--	0.26	0.02	0.13	0.01
	189.30	17.89	167.89	15.87	111.33	10.52	70.48	6.66
	3655.13	345.41	2746.21	259.52	1921.35	181.56	1450.63	137.08
	433.33	40.95	306.73	28.98	180.91	17.10	125.64	11.87
	141.69	13.39	109.77	10.37	68.85	6.51	43.51	4.11
	141.69	13.39	109.77	10.37	68.85	6.51	43.51	4.11
	291.64	27.56	196.96	18.61	112.06	10.59	82.13	7.76
	3567.08	337.09	1334.62	126.12	749.68	70.84	479.57	45.32
	421.00	39.78	279.01	26.37	170.16	16.08	102.12	9.65
	3146.08	297.31	1055.61	99.75	579.52	54.76	377.45	35.67
	1.21	0.11	0.70	0.07	0.79	0.07	0.73	0.07
	1915.33	181.00	1565.49	147.94	937.63	88.61	723.52	68.37
	5062.62	478.42	2621.80	247.76	1517.94	143.44	1101.70	104.11
	2605.98	246.26	831.74	78.60	385.64	36.44	217.98	20.60
	228.53	21.60	163.54	15.45	90.31	8.53	58.93	5.57
	1312.76	124.06	1055.53	99.75	724.07	68.43	588.44	55.61
	4147.27	391.92	2050.81	193.80	1200.02	113.40	865.35	81.78
	185.95	17.57	66.14	15.76	120.62	11.40	75.39	7.12
	58.00	5.48	3.00	0.28	3.00	0.28	3.00	0.28
	671.40	63.45	401.25	37.92	4.30	18.36	157.96	14.93
	915.35	86.50	570.99	53.96	317.92	30.04	236.35	22.33

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in submitting the 10th Annual Report together with the Audited Statement of Accounts for the year ended 31st December, 1983.

FINANCIAL RESULTS:

(In million)

		1983		1982
	Rs.	\$	Rs.	\$
Gross Profit	699.07	66.06	433.33	40.95
Of the above, the following provisions and/or appropriations have been made				
(a) Depreciation	313.83	29.66	141.69	13.39
(b) Investment Allowance Reserve	277.50	26.22	95.00	8.98
(c) Taxation	Nil	Nil	Nil	Nil
There remains a balance of	107.74	10.18	196.65	18.58
Adding thereto:				
Balance brought forward from previous year	26.30	2.49	--	--
Provision for taxation written back	--	--	2.00	0.19
	134.04	12.67	198.65	18.77
Less: Recommended Dividends: (subject to deduction of tax)				
(a) On 11% Cumulative Redeemable Preference Shares	0.33	0.03	0.33	0.03
(b) On 13.5% Cumulative Redeemable Preference Shares	7.43	0.70	--	--
(c) On Equity Shares	94.05	8.89	52.01	4.91
Retained Profits	32.23	3.05	146.31	13.83
Less: Transferred to General Reserve	11.00	1.04	120.00	11.34
Balance carried to Balance Sheet	21.23	2.01	26.30	2.49

DIVIDENDS:

Your Directors recommended the following Dividends (subject to deduction of tax) for the year ended 31st December, 1983 to be paid if approved by the Shareholders at the 10th Annual General Meeting.

(In million)

On Preference Shares:

- (a) a Dividend of Rs. 11/- (\$ 1.04) per share on 30,000 Cumulative Redeemable Preference Shares of Rs. 100/- (\$ 9.45) each fully paid up
- (b) a Dividend of Rs. 13.50 (\$ 1.28) per share on 5,50,000 Cumulative Redeemable Preference Shares of Rs. 100/- (\$ 9.45) each fully paid up

On Equity Shares:

- (a) a Dividend at the rate of Rs.3/- (\$ 0.28) per share on 2,97,51,310 Equity Shares of Rs.10/- (\$ 0.94) each fully paid up
- (b) a Dividend at the rate of Re 0.75 (\$ 0.07) per share on 64,00,000 Equity Shares of Rs. 10/- (\$ 0.94) each fully paid up

Total

Rs.	\$
0.33	0.03
7.43	0.70
89.25	8.43
4.80	0.46
101.81	9.62

ADDITIONAL CAPITAL:

In terms of the permissions received from the Controller of Capital Issues, New Delhi and pursuant to the Resolutions passed at the Meeting of the Shareholders on 20th June, 1983, 1,11,56,741 Equity Shares of Rs.10 (\$ 0.94) each by way of Bonus Shares were issued to the Equity Shareholders during the year. In addition, the Company also issued 64,00,000 Equity Shares of Rs.10 (\$ 0.94) each (including 24,00,000 Equity Shares by way of additional shares) to the Debentureholders of Debenture Series IV upon partial conversion of Debentures on 30th September, 1983.

YEAR IN RETROSPECT:

Overall Performance:

The turnover during the year under review, registered Rs. 5028 (\$ 475.1) million as against Rs.4063 (\$ 383.9) million in the previous year, an increase of 24%. The gross profit registered a steep increase of 61 %, rising to Rs.699.07 (\$ 66.06) million from Rs.433.33 (\$ 40.95) million in the previous year.

In a year which witnessed a depressing recession in the textile industry, your Company has been able to maintain an impressive tempo of growth. This has been possible due to imaginative, dynamic and aggressive marketing, a well organised wholesale network comprising over 400 dealers and retail outlets of over 1200 Showrooms, supported by innovative product development to satisfy the changing tastes of the consumers. You will be glad to know that your Company has the largest nation-wide wholesale and retail network to market its products.

**A landmark
in the development
of the man-made fibre
industry in India**

“Another of the mottoes of the company has been to do things quickly so as not to lose time and the head start over others. A striking instance of this is the setting up of the Patalganga plant of Reliance for the production of Polyester Filament Yarn. The decision on this Rs. 900 million project was taken by Reliance under a programme of expansion and diversification of its activities to produce man-made fibres of the best quality besides manufacturing synthetic fabrics in which it has excelled and succeeded so well.

"The plant has been established in collaboration with Du Pont of U.S.A. world leaders for the manufacture of polyester filament yarn and staple fibre.

"Reliance is the first company in the world to receive the Du Pont technology out of their group.

"The PFY plant achieved full capacity within four days of its commissioning.”

Ahmedabad Unit

During the year under review, the Company has set up additional Diesel Generation Sets at Naroda Plant and is now fully equipped to take care of any power crisis. A very modern Effluent Treatment Plant is being set up at a cost of Rs.7.5 (\$ 0.71) million as a measure to combat environmental and water pollution. This plant would be the first of its kind for textile industry in the country.

Significant Success of Polyester Yarn Division

The Polyester Yarn division at Patalganga which went into commercial production on 1st November 1982 has performed very efficiently. The technical excellence of this plant has resulted in production of high quality products of international standard. These products enjoy a very keen demand in the market. The full effect of production of this unit is reflected in the year under review.

Sidhpur Unit:

The Company held an Extraordinary General Meeting on 24th January, 1984 and obtained the approval of its shareholders to transfer, sell and/or lease its Undertaking at Sidhpur to Devti Fabrics Limited. This transfer of undertaking is pending implementation and the Company hopes to complete the formalities during the current year.

New Acquisition:

The Company has entered into an Agreement with Union Carbide India Limited for the acquisition of their Chemicals and Plastics Unit situate at Anik Chembur, Bombay. The Unit which is spread over an area of approximately 53 acres, currently produces the following:
Ethylene, Polythylene, Benzene, Toluene, Dripolene, Acetic Acid, Butanol, Ethyl Acetate, Butyl Acetate, Catalysts, LDPE Pipe and Film etc.

Together with the acquisition of this Unit, the Company will also secure its technology and the services of the entire operating personnel, viz., the labour, technical and other supervisory and sales staff who in the long run, will form a nucleus for the Company's growth in the field of Petro Chemicals. The Company is endeavouring to complete the transfer formalities of this Chemicals and Plastics Unit of Union Carbide India Limited by 30th June 1984. The acquisition of the aforesaid complex at Chembur is expected to provide a strong base for further diversification of the Company's activities particularly in the Petro Chemical field. Soon after the acquisition your Company proposes to take up modernisation of this Unit in a significant manner with a view to improve the turnover to over Rs.1000 (\$ 94.5) million from the present level of Rs.500 (\$ 47.3) million.

EXPANSION AND MODERNISATION:

Your Company has chalked out an investment programme of Rs.1100 (\$ 104) million which, inter alia, includes capital expenditure at Patalganga and a modernisation programme at Naroda, Ahmedabad.

Patalganga Unit

The capital expenditure programme at Patalganga incorporates installation of the 4th line of spinning machine for the production of flat finer denier yarn. This will enable the Company to meet the ever increasing consumers demand for lightweight fabrics. It also includes installation of a Waste Recovery Plant and Diesel Generation sets as a standby to meet power requirements. The Waste Recovery Plant would reclaim the polymer waste and effect economies in production.

Ahmedabad Unit

The modernisation programme at Naroda includes replacement of the existing looms with an equivalent number of WATER JET and SULZER MACHINES. Other areas of modernisation include preparatory equipment for running the above looms and other complementary equipment in the processing division to further improve the quality of fabrics and widen the product-range.

To meet a part of the cost of these investment programmes, the Company is proposing to issue 13.5% Convertible Secured Debentures aggregating to Rs.800 (\$ 75.6) million. Necessary resolutions requiring approval of the Shareholders have been incorporated in the Notice convening the Annual General Meeting.

Growth Avenues:

The Company has submitted various applications for projects in diverse fields to the Government. Some of them have reached advanced stage of clearance. Your . Directors are hopeful to apprise the Shareholders of these developments at the Annual General Meeting.

EXCHANGE OF DEBENTURES FOR EQUITY SHARES:

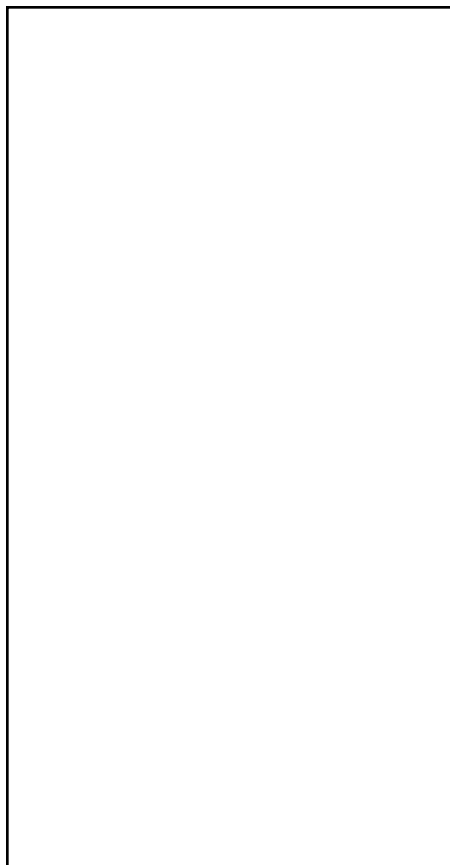
Your directors have formulated a plan to exchange the existing Debentures of Series I, II, III and IV into Company's Equity Shares solely at the discretion of the Debentureholders on extinguishing their rights in the debentures. Necessary resolutions required to be approved by the shareholders have also been incorporated in the Notice convening the Annual General Meeting.

RESEARCH & DEVELOPMENT:

The Research & Development Wing of the Company has made further developments in the techniques of Dyeing, particularly in the fields involving Colour Combinations and Resist Dye Printing and Discharge Resist Printing. The Company has also been successful in producing Silky Finish in Polyester fabrics.

A sum of Rs. 1.71 (\$ 0.2) million has been spent towards capital expenditure during the year making the total capital expenditure to Rs.24.08 (\$ 2.27) million so far on R & D facilities, of which Rs.23.97 (\$ 2.26) million relates to deployment of Plant and Machinery required for the said division. A revenue expenditure of Rs.0.81 (\$ 0.08) million has also been incurred during the year under review on Research and Development. These amounts have been reflected under various headings in the Annual Accounts.

The R & D Lab.



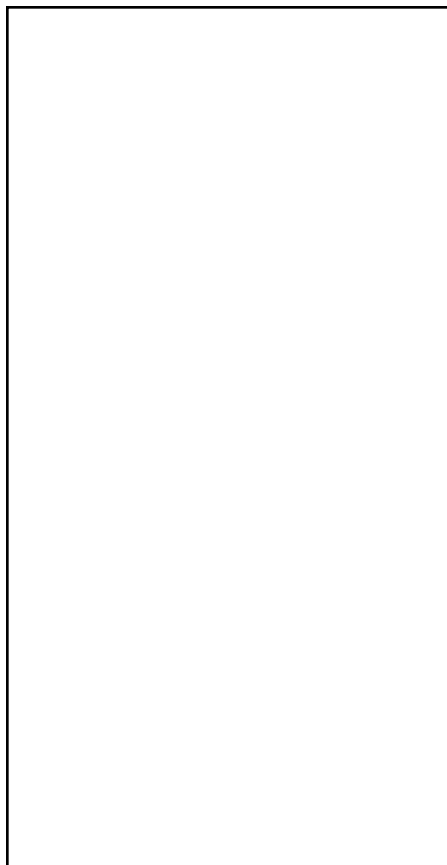
AWARDS

During the year, your Company received the following Awards, viz.

- (a) An Award from the Government of Gujarat for the Best Export Performance for the year 1981-82.
- (b) Trophy for energy conservation under the auspices of Textile Association of India, Ahmedabad.

The Company has earned recognition in the International Forum for Bubble Dyeing Technique developed by its Research & Development Department.

Recognitions of excellence - The Awards.



INSURANCE:

All the properties and insurable interest of the Company including buildings, plant and machinery, stocks, wherever necessary and to the extent required have been adequately insured.

FIXED DEPOSITS:

The Company's Fixed Deposit Scheme, inter alia, providing for accepting deposits under Cash Certificate Scheme received special attention and continues to enjoy the confidence of the investing public.

Deposits of Rs.0.76 (\$ 0.07) million from 166 depositors which became due for repayment at the close of the financial year remained unclaimed by the depositors as on 31st December, 1983 inspite of communication to the depositors for taking appropriate steps. Of these deposits of Rs.0.18 (\$ 0.02) million from 38 investors were subsequently repaid.

PERSONNEL:

Information as per sub section (2-A) of Section 217 of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules 1975 forming part of the Directors' Report for the year ended 31st December 1983 is annexed.

DIRECTORS

Shri Ramanlal C. Patel desired to be relieved from the Directorship of the Company as well as the Wholetime Directorship on grounds of old age and ill health. While accepting his request, with regret, effective from 1st May 1984, the Board of Directors have placed on record their deep and grateful appreciation of the invaluable services rendered by Shri Ramanlal C. Patel throughout his association with the Company. The Board of Directors appointed Shri Anil D. Ambani as a Director in the casual vacancy caused by the resignation of Shri Ramanlal C. Patel with effect from 1st May 1984. Your

Directors also appointed Shri Anil D. Ambani as Wholetime Director designated as Executive Director of the Company pursuant to the Articles of Association of the Company. The requisite resolutions seeking approval of the Shareholders for the appointment of and remuneration payable to Shri Anil D. Ambani have been incorporated in the Notice convening the Annual General Meeting of the Company.

The Industrial Credit and Investment Corporation of India Limited has nominated Shri R.R. Hirway, in the place of their earlier Nominee, Shri A.J. Advani. Shri A.J. Advani who was nominated on the Board in August 1979 has been a source of strength on the Board and the Company had benefitted immensely from his knowledge and mature advice especially in the formative stages of the Company. His contribution to the Company during the tenure as director was invaluable and the Board of Directors wish to place on record their appreciation.

Shri Rasiklal L. Meswani, Shri K. Gopal Rao and Shri Mukesh D. Ambani, Directors of the Company retire by rotation as required by Companies Act, 1956 and as per the provisions in the Articles of Association of the Company and being eligible offer themselves for re-appointment.

AUDITORS:

Messrs. Rajendra & Company and Messrs. Chaturvedi & Shah, Statutory Auditors of the Company hold office until the conclusion of this Annual General Meeting and are recommended for re-appointment. The Company has received Certificates from the above Auditors to the effect that their reappointment, if made, would be within the prescribed limits under Section 224 (1) of the Companies Act, 1956.

Shri Rajendra J. Shah, proprietor of Messrs. Rajendra & Company, Chartered Accountants and a Joint Auditor of the Company is a relative of Shri Jayantilal R. Shah, a Director of the Company. Your attention is therefore, invited to the Explanatory Statement to Item No.7 annexed to the Notice convening the 10th Annual General Meeting.

The Notes to the Accounts No.9,10, 11, and Note 'f' of Schedule E referred to in the Auditors' Report are self explanatory and therefore, do not call for any further comments.

APPRECIATION:

Your Directors acknowledge with gratitude the co-operation and assistance given by the Financial Institutions, Banks and Investors during the year under review. Your Directors wish to place on record their sense of appreciation of the devoted services rendered by' executives, staff and workers of the Company for its success.

On behalf of the Board of Directors
DHIRUBHAI H. AMBANI
Chairman & Managing Director

Registered Office:
Maker Chamber IV
222, Nariman Point
BOMBAY 400 021

Dated: 5th April 1984

BALANCE SHEET AS AT 31ST DECEMBER, 1983

(in million)

		1983		1982	
Schedule		Rs.	\$	Rs.	\$
SOURCES OF FUNDS:					
Shareholders' Funds:					
Capital	'A'	419.51	39.64	243.95	23.05
Reserves & Surplus	'B'	879.27	83.09	671.40	63.45
			1298.78	122.73	915.35
Loan Funds:					
Secured Loans	'C'	2230.57	210.79	2035.92	192.39
Unsecured loans	'D'	354.93	33.54	228.53	21.60
			2585.50	244.33	2264.45
			3884.28	367.06	3179.80
APPLICATION OF FUNDS:					
Fixed Assets:					
Gross Block		3948.81	373.16	3567.08	337.09
Less: Depreciation		734.18	69.38	421.00	39.78
Net Block	'E'		3214.63	303.78	3146.08
Investments	'F'		1.21	0.11	1.21
Current Assets, Loans & Advances:					
Current Assets:					
Inventories		1134.97	107.25	1059.51	100.12
Sundry Debtors		770.65	72.83	645.93	61.04
Cash and Bank Balances		79.77	7.54	37.74	3.57
Other Current Assets		1.74	0.16	5.61	0.53
		1987.13	187.78	1748.79	165.26
loans and Advances	'H'	164.79	15.58	166.54	15.74
		2151.92	203.36	1915.33	181.00
Less: Current liabilities & Provisions					
Liabilities		1380.40	130.45	1826.40	172.60
Provisions		103.08	9.74	56.42	5.33
		1483.48	140.19	1882.82	177.93
			668.44	63.17	32.51
			3884.28	367.06	3179.80
Notes and Contingent Liabilities					
	'N'				

As per our Report of even date

For **RAJENDRA & CO.,**
Chartered Accountants
R.J. SHAH
Proprietor

For **CHATURVEDI & SHAH**
Chartered Accountants
D. CHATURVEDI
Partner

V.M. AMBANI
Secretary

D.H. AMBANI

R.H. AMBANI

K. GOPAL RAO
J.R. SHAH
M.L. BHAKTA
K.S. SHENOY
A.J. ADVANI

N.H. AMBANI
R.C. PATEL
R.L. MESWANI
M.D. AMBANI

BOMBAY

Dated 26th March, 1984

Chairman & Managing Director

Joint Managing Director

Directors

Executive Directors

BOMBAY

Dated 5th April, 1984

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1983

(in million)

Schedule	1983				1982			
	Rs.	\$	Rs.	\$	Rs.	\$	Rs.	\$
INCOME:								
Sales (Net)	5028.25	475.17			4063.31	383.98		
Other Income 'J'	46.80	4.42			25.15	2.38		
Increase in Stocks 'K'	103.04	9.74			181.11	17.11		
			5178.09	489.33			4269.57	403.47
EXPENDITURE:								
Purchases	565.01	53.39			492.98	46.58		
Manufacturing and Other Expenses 'L'	3698.80	349.54			3153.96	298.05		
Interest 'M'	215.21	20.34			189.30	17.89		
Depreciation	313.83	29.66			141.69	13.39		
			4792.85	452.93			3977.93	375.91
Profit for the year			385.24	36.40			291.64	27.56
Add: Balances as per last Balance Sheet			26.30	2.49			—	—
Provision for taxation no longer required			—	—			2.00	0.19
			411.54	38.89			293.64	27.75
APPROPRIATIONS:								
Transfer to Investment Allowance Reserve	272.50	26.22			95.00	8.98		
Proposed Dividend (Subject to tax) on:								
Preference Shares	7.76	0.73			0.33	0.03		
Equity Shares	94.05	8.89			52.01	4.91		
Transfer to General Reserve	11.00	1.04			120.00	11.34		
			390.31	36.88			267.34	25.26
Balance carried to Balance Sheet				2.01			26.30	2.49
Notes and Contingent Liabilities 'N'								

As per our Report of even date

For **RAJENDRA & CO.,**
Chartered Accountants
R.J. SHAH
Proprietor

For **CHATURVEDI & SHAH**
Chartered Accountants
D. CHATURVEDI
Partner

V.M. AMBANI
Secretary

D.H. AMBANI

R.H. AMBANI

K. GOPAL RAO
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A.J. ADVANI

N.H. AMBANI
R.C. PATEL
R.L. MESWANI
M.D. AMBANI

BOMBAY

Dated 26th March, 1984

Chairman & Managing Director

Joint Managing Director

Directors

Executive Directors

BOMBAY

Dated 5th April, 1984

SCHEDULE FORMING PART OF THE BALANCE SHEET

(in million)

SCHEDULE-`A'		1983		1982	
SHARE CAPITAL		Rs.	\$	Rs.	\$
Authorised:					
50,000,000	Equity Shares of Rs. 10 (\$ 0.94) each	500.00	47.25	500.00	47.25
30,000	11% Cumulative Redeemable Preference Shares of Rs. 100 (\$ 9.45) each	3.00	0.28	3.00	0.28
550,000	13.5% Cumulative Redeemable Preference Shares of Rs. 100 (\$ 9.45) each	55.00	5.20	55.00	5.20
420,000	Cumulative Redeemable Preference Shares of Rs. 100 (\$ 9.45) each	42.00	3.97	42.00	3.97
		600.00	56.70	600.00	56.70
Issued & Subscribed:					
36,151,310	Equity Shares of Rs. 10 (\$0.94) each fully paid-up	361.51	34.16	185.95	17.57
30,000	11 % Cumulative Redeemable Preference Shares of Rs 100 (\$ 9.45) each fully paid-up (Redeemable at any time after 16th March, 1990 but not later than 15th March, 1993).	3.00	0.28	3.00	0.28
550,000	13.5% Cumulative Redeemable Preference Shares of Rs. 100 (\$ 9.45) each fully paid-up (Redeemable at any time after 31st December, 1994 but not later than 31st December, 1997).	55.00	5.20	55.00	5.20
		419.51	39.64	243.95	23.05

Of the above equity shares

- 1,56,62,923 Equity Shares were allotted as fully paid-up Bonus Shares by capitalisation of Share Premium and Reserves.
 - 60,33,372 Equity Shares were allotted as fully paid-up pursuant to Schemes of Amalgamation without payment being received in cash.
 - 1,13,78,945 Equity Shares were allotted as fully paid-up Shares on conversion of Debentures/Term Loans.
 - 45,805 Equity Shares (including 27,912 shares by way of Bonus) are reserved for allotment to certain shareholders of erstwhile The Sidhpur Mills Company Limited (hereinafter referred as 'SMCL') pending decision of Gujarat High Court.
- The Company will be required to issue and allot additional 18,667 Equity Shares of Rs. 10 (\$ 0.94) each at a premium of Rs. 15 (\$ 1.42) per share to the shareholders of erstwhile 'SMCL' as Right Shares if the Bombay High Court so decides.

SCHEDULE FORMING PART OF THE BALANCE SHEET

(in million)

SCHEDULE-`B'			1983		1982			
	Rs.	\$	Rs.	\$	Rs.	\$	Rs.	\$
RESERVES & SURPLUS								
Capital Reserve								
As per last Balance Sheet	0.34	0.03			0.30	0.03		
<i>Add:</i> On forfeiture and re-issue of Debentures during the year	<u>---</u>	<u>---</u>	<u>0.34</u>	0.03	<u>0.04</u>	<u>---</u>	0.34	0.03
Share Premium Account								
As per fast Balance Sheet	84.34	7.97			55.53	5.25		
<i>Add:</i> Received during the year on: Issue of Right Equity Shares	<u>---</u>	<u>---</u>			<u>0.01</u>	<u>---</u>		
Conversion of Debentures	<u>36.00</u>	<u>3.40</u>	<u>---</u>		<u>28.80</u>	<u>2.72</u>		
	120.34	11.37			84.34	7.97		
<i>Less:</i> Utilised for issue of Bonus Shares	<u>111.57</u>	<u>10.54</u>	<u>8.77</u>	0.83	<u>---</u>	<u>---</u>	84.34	7.97
Development Rebate Reserve:								
As per last Balance Sheet	3.94	0.37			9.37	0.88		
<i>Less:</i> Transferred to General Reserve	<u>1.15</u>	<u>0.11</u>	<u>2.79</u>	0.26	<u>5.43</u>	<u>0.51</u>	3.94	0.37
Investment Allowance Reserve:								
As per last Balance Sheet	95.00	8.98			66.02	6.24		
<i>Less:</i> Utilised for purchase of machinery during the year Transferred to Investment Allowance (Utilised) Reserve	<u>95.00</u>	<u>8.98</u>	<u>---</u>		<u>66.02</u>	<u>6.24</u>		
	---	---			---	---		
<i>Add:</i> Transferred from Profit & loss Account	277.50	26.22	277.50	26.22	95.00	8.98	95.00	8.98
Investment Allowance (Utilised) Reserve:								
As per last Balance Sheet	170.52	16.12			104.50	9.88		
<i>Add:</i> Transferred from Investment Allowance Reserve	<u>95.00</u>	<u>8.98</u>	<u>265.52</u>	25.10	<u>66.02</u>	<u>6.24</u>	170.52	16.12
General Reserve:								
As per last Balance Sheet	290.96	27.49			165.53	15.64		
<i>Add:</i> Amount transferred from Development Rebate Reserve	<u>1.15</u>	<u>0.11</u>			<u>5.43</u>	<u>0.51</u>		
Amount transferred from Profit & Loss Account	<u>11.00</u>	<u>1.04</u>	<u>303.11</u>	28.64	<u>120.00</u>	<u>11.34</u>	290.96	27.49
Profit & Loss Account			21.24	2.01			26.30	2.49
			879.27	83.09			671:40	63.45

SCHEDULE FORMING PART OF THE BALANCE SHEET

(In million)

SCHEDULE-`C'		1983		1982	
		Rs.	\$	Rs.	\$
SECURED LOANS					
A.	WORKING CAPITAL LOANS-				
	From Banks		585.98	55.38	317.14
B.	WORKING CAPITAL TERM LOAN-				
	From a Bank		16.56	1.56	12.97
C.	DEBENTURES:				
i)	3,500 11% Privately Placed Debentures of Rs. 1000 (\$ 94.5) each fully paid- Balance amount after conversion is redeemable at par in sixteen half-yearly instalments between 30th June, 1979 and 31st December 1986 Less: Converted/Redeemed	1.50 2.45 1.05	0.33 0.23 0.10	3.50 2.09 1.41	0.33 0.20 0.13
ii)	5,500 11% Privately Placed Debentures of Rs. 1000 (\$ 94.5) each fully paid- Balance amount after conversion is redeemable at par in sixteen half-yearly instalments between 20th February, 1981 and 20th August, 1988 Less: Converted/Redeemed	5.50 2.85 2.65	0.52 0.27 0.25	5.50 2.32 3.18	0.52 0.22 0.30
iii)	140,000 11 % Convertible Mortgage Debentures of Rs. 500 (\$ 47.25) each fully paid (Series 1) Balance amount is redeemable at par in five annual instalments between 25th October, 1987 and 25th October, 1991 Less: Converted	70.00 13.94 56.06	6.62 1.32 5.30	70.00 13.94 56.06	6.62 1.32 5.30
iv)	864,000 12% Convertible Mortgage Debentures of Rs.125 (\$ 11.81) each fully paid (Series 11) Balance amount is redeemable at par in five annual instalments between 14th November, 1988 and 14th November, 1992 Less: Converted	108.00 21.06 86.94	10.21 1.99 8.22	108.00 21.06 86.94	10.21 1.99 8.22
	Carried forward		602.54	56.94	330.71
					31.25

(In million)

SCHEDULE-`C' (Cond.)

1983

1982

		Rs.	\$	Rs.	\$	Rs.	\$	Rs.	\$
	Brought forward			602.54	56.94			330.71	31.25
v)	1,920,000 13.5% Convertible Mortgage Debentures of Rs. 125 (\$ 11.81) each fully paid (Series 111) Balance amount is redeemable at par in four annual instalments between 23rd June, 1990 and 23rd June, 1993	240.00	22.68			240.00	22.68		
	Less: Converted	48.00	4.54			48.00	4.54		
		<u>192.00</u>	<u>18.14</u>			<u>192.00</u>	<u>18.14</u>		
vi)	4,000,000 13.5% Convertible Secured Debentures of Rs. 125 (\$ 11.81) each fully paid (Series IV) Balance amount is redeemable at par at the end of 15th June, 1994 with an option to the Company to repay these amounts in one or more instalments by drawing lots at any time after the end of 15th June, 1991	500.00	47.25			500.00	47.25		
	Less: Converted	100.00	9.45			—	—		
		<u>400.00</u>	<u>37.80</u>	738.70	69.81	<u>500.00</u>	<u>47.25</u>	839.59	79.34
D. TERM LOANS:									
1. From Banks:									
(a)	Foreign Exchange Loan in Euro-Dollars at Floating Rate	155.14	14.66			155.14	14.66		
(b)	Loan from State Bank of India, New York, Exim Bank, U.S.A. Line of Credit, Private Export Funding Corporation of U.S.A. and Sanva Bank Ltd., Tokyo, Japan.	369.99	34.96			314.70	29.74		
(c)	Rupee loans	73.30	6.93			70.82	6.69		
		<u>598.43</u>	<u>56.55</u>			<u>540.66</u>	<u>51.09</u>		
2. From Financial Institutions:									
(a)	Foreign Currency Loans	28.64	2.71			39.94	3.77		
(b)	Rupee Loans	24.90	2.35			31.48	2.98		
		<u>53.54</u>	<u>5.06</u>			<u>71.42</u>	<u>6.75</u>		
3. From Others:									
	Lazard Brothers & Co. Ltd., London	40.35	3.81	692.32	65.42	52.05	4.92	664.13	62.76
E. BRIDGE LOANS:									
1. In Foreign Currencies:									
(a)	From a Bank (Euro-Dollar Loans)	—	—			1.90	0.18		
(b)	From a Financial Institution	31.17	2.95			18.99	1.80		
		<u>31.17</u>	<u>2.95</u>			<u>20.89</u>	<u>1.98</u>		
2. In Rupees:									
(a)	From Financial Institutions	68.30	6.45			77.90	7.36		
(b)	From Housing Development Financial Corporation Limited	4.00	0.38	103.47	9.78	—	—	98.79	9.34
				2137.03	201.95			1933.22	182.69

(In million)

SCHEDULE-`C' (Cond.)		1983				1982			
		Rs.	\$	Rs.	\$	Rs.	\$	Rs.	\$
Brought forward				2137.03	201.95			1933.22	182.69
F. DEFERRED PAYMENT LIABILITIES:									
To Foreign Machinery Suppliers									
(Guaranteed by Banks and a									
Financial Institution)				93.54	8.84			102.70	9.70
				2230.57	210.79			2035.92	192.39

NOTES:

Of the above:

- Working Capital Loans from Banks are secured against pledge and/or hypothecation of, present and future stock of raw materials, stock-in-process, finished goods, spares and stores, book debts, outstanding monies and receivable claims.
- Working Capital Term Loan represents working capital facilities granted by Bank of Baroda to the Sidhpur Mills Company Limited (now amalgamated with the Company). In terms of the Scheme of Amalgamation a portion of the said facilities to the extent not covered by securities for Working Capital Loans is to be converted into Term Loan, amount whereof is to be determined. Amount of the said Term Loan is to be secured by charge on the Fixed Assets of Sidhpur Unit.
- Debentures referred in C(i), C(iv), C(vi) and Term Loan from a Financial Institutions to the extent of Rs. 3.95 (\$ 0.37) million included in D(2) (b) are secured by legal mortgage in English Form of the Fixed Assets situate at Naroda, subject to prior charges referred in Note 6(a) and 1.
- Debentures referred in C(ii), C(iii), Term loans, referred in D (2)(a) and D(2)(b) excluding Rs. 3.95 (\$ 0.37) million and deferred payment liabilities referred in F upto an amount of Rs. 2.14 (\$ 0.20) million are secured by joint Equitable Mortgage of immovable properties, present and future, by deposit of title deeds and hypothecation of present and future, moveable assets situate at Naroda. The charges shall rank, pari passu, inter-se and with the charges referred in Note 3, 7(b) and 7(c) subject to prior charges referred in Note 6(a) and 1.
- Debentures referred in C(v) are secured by legal mortgage in English Form of, present and future, fixed assets, movables, floating charge on current assets, uncalled capital and entire undertaking pertaining to Patalganga Unit. The said charge shall rank pari-passu, inter-se with the Term Loans referred in Note 6(b) and Bridge Loan referred in Note 7(e).
- Term loans referred in D(1)(a), D(1)(c) upto an amount of Rs. 8.16 (\$ 0.77) million and D(3) are guaranteed by Bank which in turn are secured by hypothecation of specific items of plant and machinery by way of prior charge in their favour.
 - Term Loans referred in D(1)(b) (guaranteed by some of the Directors in their personal capacity) and D(1)(c) (c) upto an amount of Rs. 51.45 (\$ 4.86) million are secured/to be secured by charge/mortgage of immovable and movable properties, present and future, of Patalganga Unit.
 - Term loans referred in D(1)(c) upto an amount of Rs. 13.65 (\$ 1.29) million are secured/to be secured by hypothecation of all movable machinery including all stock and spare parts, both present and future, of the Company's undertakings situate at Sidhpur. The charge shall rank, pari passu, inter-se with the charges referred in Note 2 and 7 (d).
- Bridge Loan referred in E(2)(b) is to be secured against specific items of assets and is guaranteed by some of the Directors in their personal capacity.
 - Bridge Loan referred in E(1)(b) upto an amount of Rs. 6.20 (\$ 0.59) million is secured/to be secured by hypothecation of movable assets situate at Naroda subject to prior charges referred in Note 6(a).
 - Bridge loan referred in E(1) (b) upto an amount of Rs. 24.97 (\$ 2.36) million is secured/to be secured by mortgage of all immovable properties and hypothecation of all movable properties both present and future, situate at Naroda and Surat, subject to prior charges referred in Note 6(a) and 1.
 - Bridge Loans referred in E(2)(a) upto an amount of Rs. 23 (\$ 2.17) million are secured/to be secured by hypothecation of all movable assets save and except book debts both present and future, situate at Sidhpur.
 - Bridge Loan referred in E(2)(a) upto an amount of Rs. 45 (\$ 4.25) million is secured against guarantee issued by Banks in favour of Unit Trust of India. The aforesaid Bridge Loan upon conversion into term loan shall be secured in the manner referred in Note 6(b).
- Deferred Payment Liabilities referred in F save and except Rs. 2.14 (\$ 0.20) million are to be secured by in the manner mentioned in Note 7 (c).

SCHEDULE FORMING PART OF THE BALANCE SHEET

(in million)

SCHEDULE-'D'	1983		1982	
	Rs.	\$	Rs.	\$
UNSECURED LOANS				
Fixed Deposits (including Cash Certificates of Rs. 5.08 (\$ 0.48) million)	**352.70	33.33	224.81	21.24
From Scheduled Banks:				
Overdrawn balance in Current Accounts (As per Books of Accounts)	1.95	0.18	3.44	0.33
*35,000 10% 3-Year Bonds of Rs. 8 (\$ 0.76) each without payment being received in cash, pursuant to the Scheme of Amalgamation (Redeemable with interest on 30th June, 1984)	0.28	0.03	0.28	0.03
	354.93	33.54	228.53	21.60

** Includes deposits of Rs. 96.92 (\$ 9.16) million

* includes 8946 Bonds reserved for allotment to certain shareholders of the 'SMCL'

SCHEDULE FORMING PART OF THE BALANCE SHEET

(in million)

SCHEDULE 'E'

FIXED ASSETS

Nature of Fixed Assets		GROSS BLOCK (AT COST)			DEPRECIATION		NET BLOCK	
		As at 1.1.83	Additions/ transfers	Deductions/ transfers	As at 31.12.83	Total upto 31.12.83	As at 31.12.83	As at 31.12.82
Goodwill	Rs.	12.62	—	—	12.62	—	12.62	12.62
	\$	1.19	—	—	1.19	—	1.19	1.19
Leasehold land	Rs.	31.74	0.04	—	31.78(a)	—	31.78	31.74
	\$	3.00	0.01	—	3.01	—	3.01	3.00
Freehold land	Rs.	1.15	—	—	1.15	—	1.15	1.15
	\$	0.11	—	—	0.11	—	0.11	0.11
Buildings	Rs.	332.19	51.45	—	383.64(b)	14.19	369.45	323.93
	\$	31.39	4.86	—	36.25	1.34	34.91	30.61
Railway Siding	Rs.	0.05	—	—	0.05	0.01	0.04	0.04
	\$	0.01	—	—	0.01	—	0.01	0.01
Plant & Machinery	Rs.	3042.95	303.32	0.98	3345.29(c)	702.38	2642.91	2642.04
	\$	287.55	28.66	0.09	316.12	66.38	249.74	249.67
Electric Installation	Rs.	54.90	11.62	—	66.52(d)	5.46	61.06	51.39
	\$	5.19	1.10	—	6.29	0.52	5.77	4.86
Factory Equipments	Rs.	29.29	5.22	—	34.51	2.57	31.94	27.79
	\$	2.78	0.49	—	3.27	0.24	3.03	2.63
Furniture & Fixtures	Rs.	53.46	10.39	0.17	63.68	7.01	56.67	48.62
	\$	5.05	0.98	0.02	6.01	0.66	5.35	4.59
Vehicles	Rs.	8.73	1.13	0.29	9.57	2.56	7.01	6.76
	\$	0.82	0.11	0.03	0.90	0.24	0.66	0.64
	Rs.	3567.08	383.17	1.44	3948.81	734.18	3214.63	3146.08
	\$	337.09	36.21	0.14	373.16	69.38	303.78	297.31
Previous Year	Rs.	1334.62	2402.06	169.60	3567.08	421.00	3146.08	
	\$	126.12	227.00	16.03	337.09	39.78	297.31	

(a) Includes leasehold land to the extent of Rs.23.61 (\$2.23) million in respect of which lease Deeds are pending execution. No write-off has been made in respect of lease premium paid for leasehold land since the lease is granted for long period

(b) Includes (i) under construction Rs. 7.67 (\$ 0.72) million and (ii) cost of ownership premises in co-operative societies Rs. 0.40 (50.04) million.

(c) Includes Rs. 551.07 (\$ 52.8) million under installation.

(d) Includes Rs. 3.52 (50.33) million under installation.

(e) Depreciation is provided in accordance with the provisions of section 205(2)(b) of the Companies Act, 1956. Depreciation in respect of fixed assets put to use during the year is charged on pro-rata basis with reference to the period of use.

(f) The Company has charged depreciation for the year on the basis of revised rates as prescribed by the Finance Act, 1983 in respect of assets put to use during the year. As per the legal advice, the Company has continued to provide depreciation in the accounts in respect of assets put to use in previous years on the same rates as adopted in the past. Had depreciation been provided at enhanced rates, the charge for depreciation would have been higher by Rs. 6.17 (\$ 0.58) million.

SCHEDULE FORMING PART OF THE BALANCE SHEET

SCHEDULE-'F'		1983				1982	
INVESTMENTS (AT COST)		Rs.	\$	Rs.	\$	Rs.	\$
Trade Investments-Unquoted							
6	Equity Shares of New Piece Goods Bazar Co. Ltd., of Rs. 1000 (\$ 94.50) each, fully paid-up	17000	1606.50			17000	1606.50
5	Equity Shares of Bombay Gujarat Art Silk Vepari Mahajan Co-operative Shops & Warehouses Society Ltd., of Rs. 200 (\$ 18.90)	1000	94.50			1000	94.50
165	Shares of The Art Silk Co-operative Ltd., of Rs. 100 (\$ 9.45) each fully paid-up	16500	1559.25			16500	1559.25
225	Shares of Crimpers Industrial Co-operative Society Ltd., of Rs. 100 (\$ 9.45) each, Rs. 25 (\$ 2.36) per share paid-up	5625	531.56			5625	531.56
20	Shares of the Bombay Market Art Silk Co-operative (Shops & Warehouses) Society Ltd., of Rs. 200 (\$ 18.90) each fully paid-up.	4000	378.00	44125	4169.81	4000	378.00
						44125	4169.81
Other Investments							
In Government Securities-Unquoted							
7	Years National Savings Certificate- face value of Rs. 79,100 (\$ 7474.95) (deposited with Central Excise Collectorate)			79100	7474.95	79100	7474.95
Quoted							
3%	Conversion Loan of 1946-face value of Rs. 47,000 (\$ 4441.50) (deposited with Central Excise Collectorate)			28000	2646.00	28000	2646.00
In Shares- Quoted							
5,000	Equity Shares of Housing Development Finance Corporation of India Ltd., of Rs. 100/- (\$ 9.45) each, fully paid-up.	500000	47250.00			500000	47250.00
1,000	Equity Shares of Air Control & Chemicals Engineering Co. Ltd., of Rs. 100 (\$ 9.45) each fully paid-up	55000	5197.50	555000	52447.50	55000	5197.50
						555000	52447.50
In Debentures- Quoted							
1,666	14% Convertible Right Debentures of ICICI Ltd., of Rs. 300 (\$ 28.35) each, fully paid-up			499800	47231.10	499800	47231.10
				1206025	113969.36	1206025	113969.36

SCHEDULES FORMING PART OF THE BALANCE SHEET

(In million)

SCHEDULE-`F' (Cond.)	1983				1982			
	BOOK VALUE		MARKET VALUE		BOOK VALUE		MARKET VALUE	
	Rs.	\$	Rs.	\$	Rs.	\$	Rs.	\$
AGGREGATE VALUE OF								
Quoted Investments	1.08	0.10	1.05	0.10	1.08	0.10	1.02	0.10
Unquoted Investments	0.12	0.01	--		0.12	0.01	--	

(in million)

SCHEDULE-`G' (Cond.)	1983				1982			
	Rs.	\$	Rs.	\$	Rs.	\$	Rs.	\$
CURRENT ASSETS								
Inventories (at cost except otherwise stated) (Certified and valued by the Managing Director)								
Stores, Spares, Dyes, Chemicals	76.21	7.20			50.09	4.73		
Raw Materials	284.01	26.84			325.67	30.78		
Stock-in-transit	9.59	0.91			16.85	1.59		
Stock-in-process	353.44	33.40			321.36	30.37		
Finished Goods	409.38	38.68			335.06	31.66		
By-product (at realisable value)	0.74	0.07			0.44	0.04		
Other (include discarded machinery Rs. 0.07 (\$ 0.01) million at written down value and building materials Rs. 0.99 (\$ 0.09) million)	1.60	0.15	1134.97	107.25	10.04	0.95	1059.51	100.12
Sundry Debtors (Unsecured)								
Over Six months:								
Considered Good	93.89	8.87			49.74	4.70		
Considered Doubtful	7.42	0.70			1.24	0.12		
	101.31	9.57			50.98	4.82		
<i>Less: Provision for doubtful debts</i>	7.42	0.70			1.24	0.12		
	93.89	8.87			49.74	4.70		
Others considered good	676.76	63.96	770.65	72.83	596.19	56.34	645.93	61.04
Cash on hand	2.19	0.21			1.90	0.18		
Balance with Scheduled Banks:								
In current accounts (includes excess share and debenture application monies refundable Rs. 1.92 (\$ 0.18) million)	68.19	6.44			29.81	2.82		
In Fixed Deposit Accounts (includes Rs. 0.18 (\$ 0.02) million lodged with Central Excise Authorities and Rs. 4.61 (\$ 0.44) million)	9.39	0.89	79.77	7.54	6.03	0.57	37.74	3.57
Cost of Import Entitlements: (Under Export Promotion Scheme)		1.74	0.16				5.61	0.53
			1987.13	187.78			1748.79	165.26

SCHEDULE FORMING PART OF THE BALANCE SHEET

(in million)

SCHEDULE-'H'	1983		1982	
	Rs.	\$	Rs.	\$
LOANS & ADVANCES				
Unsecured Considered good				
Advances recoverable in Cash or in Kind or for value to be received (including from Officers Rs. 0.07 (\$ 0.01) million Maximum balance Rs. 0.08 (\$ 0.01) million)	*27.23	2.57	24.71	2.34
Advance against Capital Expenditure	108.42	10.25	113.68	10.74
Deposits (include Rs. 1.21 (\$ 0.11) million with a Firm in which some of the Directors are interested as Partners)	+ 23.32	2.20	21.04	1.99
Prepaid Expenses	2.82	0.27	4.66	0.44
Balances with Customs, Central Excise Authorities etc.	3.00	0.29	2.45	0.23
	164.79	15.58	166.54	15.74

Excluding Rs. 1.67 (\$ 0.15) million considered doubtful and provided for

+ Excluding Rs. 0.03 (\$0.003) million considered doubtful and provided for

(in million)

SCHEDULE-'I'	1983				1982			
	Rs.	\$	Rs.	\$	Rs.	\$	Rs.	\$
CURRENT LIABILITIES & PROVISIONS								
CURRENT LIABILITIES								
Sundry Deposits	16.72	1.58			16.68	1.58		
Sundry Creditors	518.00	48.95			827.94	78.24		
Unclaimed Dividends	1.55	0.15			0.97	0.09		
Interest accrued but not due on loans	842.22	79.59			972.07	91.86		
(Included Rs. 146.16 (\$ 13.81) million payable within a period of twelve months)								
Excess Share and Debenture Application Monies refundable	1.91	0.18	1380.40	130.45	8.74	0.83	1826.40	172.60
PROVISIONS:								
Gratuity and Superannuation Funds	1.27	0.12			4.08	0.38		
Proposed Dividends	101.81	9.62	103.08	9.74	52.34	4.95	56.42	5.33
			1483.48	140.19			1882.82	177.93

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

(in million)

SCHEDULE-'J'	1983		1982	
	Rs.	\$	Rs.	\$
LOANS & ADVANCES				
OTHER INCOME				
Incentives, Assistance & Drawbacks on Exports received	15.05	1.42	4.78	0.45
Processing Charges	8.42	0.79	8.14	0.77
Dividend (Gross):				
On Other Investments	0.05	0.01	0.04	0.01
(Tax at source Rs. 0.01 (\$0.001) million)	0.16	0.02	—	—
Profit on sale/discard of Assets (Net)	23.12	2.18	12.19	1.15
Miscellaneous Income				
	46.80	4.42	25.15	2.38

(in million)

SCHEDULE-'K'	1983				1982			
	Rs.	\$	Rs.	\$	Rs.	\$	Rs.	\$
INCREASE IN STOCKS								
Stock-in-Trade (at close)								
Finished Goods	409.38	38.69			335.06	31.66		
Stock-in-process	353.44	3.40			321.36	30.37		
By-product	0.74	0.07			0.44	0.04		
Others	0.54	0.05	764.10	72.21	4.20	0.40	661.06	62.47
Stock-in-Trade (at commencement)								
Finished Goods	335.06	31.66			264.37	24.99		
Stock-in-process	321.36	30.37			209.84	19.83		
By-product	0.44	0.04			—	—		
Others	4.20	0.40	661.06	62.47	5.74	0.54	479.95	45.36
			103.04	9.74			181.11	17.11

SCHEDULE FORMING PART OF THE PROFIT & LOSS ACCOUNT

(In million)

SCHEDULE-'L'	1983				1982			
	Rs.	\$	Rs.	\$	Rs.	\$	Rs.	\$
MANUFACTURING & OTHER EXPENSES								
Raw Materials Consumed								
Stock at commencement	325.67	30.77			208.75	19.73		
Add:Purchases	1472.34	139.14			2478.11	234.18		
	1798.01	169.91			2686.86	253.91		
Less: Stock at close	284.01	26.84	1514.00	143.07	325.67	30.78	2361.19	223.13
Manufacturing Expenses								
Carriage Inward	15.56	1.47			7.58	0.72		
Stores & Spare Parts consumed	79.90	7.55			42.31	4.00		
Dyes & Chemicals	135.42	12.80			103.54	9.78		
Electric Power, Fuel & Water	186.53	17.63			110.6	10.45		
Machinery Repairs	6.94	0.66			4.27	0.40		
Building Repairs	3.61	0.34			2.49	0.24		
Labour, Processing & Machinery Hire Charges	53.44	5.05			47.73	4.51		
Excise Duty on Yarn	1228.20	116.06	1709.60	161.56	125.18	11.83	443.70	41.93
Payment to and Provision for Employees								
Salaries, Wages & Bonus	120.83	11.42			102.78	9.71		
Contribution to Provident Fund, Gratuity, Superannuation Fund, Employees State Insurance Scheme, Pension Scheme, labour Welfare Fund etc.	17.28	1.63			14.12	1.34		
Employees' Welfare and other amenities	16.18	1.53	154.29	14.58	12.68	1.20	129.58	12.25
Sales & Distribution Expenses								
Samples, Sales Promotion & Advertisement Expenses	47.13	4.45			52.83	4.99		
Brokerage & Commission	27.32	2.58			25.76	2.44		
Export Expenses	0.17	0.02			0.26	0.02		
Packing Expenses	101.89	9.63			64.05	6.05		
Warehousing Charges	1.80	0.17			1.37	0.13		
Freight and forwarding charges	23.88	2.26	202.19	19.11	13.62	1.29	157.89	14.92
Establishment Expenses								
Insurance	12.93	1.22			4.72	0.45		
Rent	3.44	0.33			1.80	0.36		
Rates & Taxes	0.45	0.04			0.63	0.06		
Other repairs	4.61	0.44			1.92	0.18		
Travelling expenses (including Rs. 0.86 (\$ 0.08) million for Directors)	7.15	0.68			4.87	0.40		
Payments to Auditors	0.69	0.07			0.53	0.05		
Directors Fees	0.01	—			0.01	—		
Liquidators remuneration	—	—			0.01	—		
General expenses	80.18	7.57			40.82	3.86		
Loss on sale/discard of assets (Net)	—	—			0.01	—		
Provision for doubtful recoveries	6.29	0.59			1.31	0.12		
Charity & Donation	2.97	0.28			1.09	0.10		
Issue expenses- Debentures IV Series (to the extent of funds borrowed for Working Capital)	—	—	118.72	11.22	1.88	0.18	61.60	5.82
			3698.80	349.54			3153.96	298.05

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

(in million)

SCHEDULE-'M'	1983		1982	
	Rs.	\$	Rs.	\$
LOANS & ADVANCES				
INTEREST				
Debentures	36.30	3.43	30.26	2.86
Fixed Loans	90.89	8.59	71.63	6.77
Others (Net)	88.02	8.32	87.41	8.26
	215.21	20.34	189.30	17.89

SCHEDULE-'N' NOTES AND CONTINGENT LIABILITIES

- The previous year's figures have been regrouped wherever necessary.
- The Company is accounting the following on cash basis:
 - Export incentives and other claims
 - Drawback on return of cops
 - Interest on Investments
 - Excise Duty set off
 - Liability in respect of maturity value in excess over initial investment of cash certificates issued by the Company under Fixed Deposit Scheme.
- No provision for taxation has been made in the absence of any taxable income under the Income Tax Act 1961.
- Interest-Others (Net) is arrived at after deducting Rs. 5.54 (\$ 0.52) million (Tax at source Rs. 0.43 (\$ 0.04) million) being interest received/receivable.
- Foreign Currency Loans availed of during the year to acquire Plant and Machinery have been accounted for in terms of Indian Rupees at the exchange rates prevailing on relevant dates. Difference on account of fluctuations in exchange rates on repayment of instalments of earlier foreign currency loans have been charged to Profit and Loss Account.
- The figure of 'Sales' has been arrived at after adjusting:

(in million)

	1983		1982	
	Rs.	\$	Rs.	\$
1. Excise Duty	149.23	14.10	94.05	8.88
2. Sales Tax	26.00	2.45	52.99	5.00
7. AUDITORS' REMUNERATION				
I Statutory Auditors				
(a) Audit Fees	0.50	0.04	0.35	0.03
(b) For certification and consultation in finance matters	0.13	0.01	0.13	0.01
(c) Out-of-pocket expenses	0.06	0.01	0.05	0.01
	0.69	0.06	0.53	0.05
II. Cost Auditors				
Audit Fees	---	---	0.01	---
8. Sundry Creditors include:				
(a) For Capital Expenditure	11.57	1.09	78.34	7.40
(b) Fixed Deposits matured but unclaimed and unpaid	0.96	0.09	0.63	0.05

SCHEDULE 'N' (Contd.)

9. The statement of accounts from the Official Liquidator of 'SMCL' from 1st January, 1981 to 31st December, 1983 has not been received till date. However, the Company carried out an inspection of the books of accounts of the liquidator and obtained details of receipts and payments made by him and has incorporated the same in the accounts. Necessary adjustments, if any, would be made upon receipt of final statement of accounts.
10. Bank of Baroda, the Bankers of 'SMCL' have charged interest to the extent of Rs. 6.40 (\$ 0.60) million from 12th January, 1979 to 30th June 1981 Which in the opinion of the Company, is not in consonance with the Scheme of Amalgamation and hence not payable. The matter is expected to be finally settled shortly, and liability if any will be charged in the year of settlement.
11. The Company has continued during the year to capitalise interest on long Term loans/Deferred Payment arrangements obtained for procuring Fixed Assets for the entire contracted period of such loans availed of during the year on the following assumptions:
- Interest accrues at the time of availment of the loan till the date of repayment of the said loan.
 - All loans shall be repaid on due dates, and
 - for Euro-Currency loans, procured on fluctuating rates of interest based on LIBOR, the rate of interest will be the rate prevailing on the relevant dates of respective years.
- The total amount of future interest capitalised till date is Rs. 936.81 (\$ 88.53) million (Previous year Rs. 900.78 (\$ 85.12) million). Consequently the charge to profit and loss account on account of:
- depreciation is higher by Rs. 61.22 (\$ 5.78) million (Previous Year Rs. 10.08 (\$ 0.95) million)
 - interest is lower by Rs. 78.88 (\$ 7.45) million (Previous Year Rs. 18.32 (\$ 1.73) million)
12. (a) The Company has been advised that the computation of net profit (for the purpose of calculation of Directors' remuneration under Section 249 of the Companies Act, 1956) need not be enumerated, since no commission has been paid to the Directors and only remuneration has been paid to the Directors as per approval of the Central Government received under Section 198 and Section 309 of the Companies Act, 1956.

(b) Managing and Joint Managing Directors' remuneration

- Salaries
- Contribution to Provident Fund & Superannuation Fund
- Provision for Gratuity (as per actuarial valuation)
- Perquisites

(c) Executive Directors' remuneration:

- Salaries
- Contribution to Provident Fund and Superannuation Fund
- Provision for Gratuity (as per actuarial valuation)
- Perquisites

1983		1982	
Rs.	\$	Rs.	\$
180,000	17,010.00	108,000	10,206.00
27,000	2,551.50	27,000	2,551.50
5,050	477.23	6,730	635.98
66,043	5,674.06	69,712	6,587.78
186,397	17,614.52	177,686	16,791.33
46,598	4,403.51	44,422	4,197.88
90,690	8,570.21	9,010	851.45
114,237	0,795.40	130,811	12,361.64

(in million)

13. CONTINGENT LIABILITIES

- Estimated amount of contracts remaining to be executed on capital account and not provided for (advance paid Rs. 108.42 (\$ 10.25) million, previous year Rs. 113.67 (\$ 10.74) million)
- Outstanding guarantees furnished by State Bank of India on behalf of the Company (Secured by hypothecation of specific items of machinery by way of prior charge relating to Patalganga Unit and ranking, pari-passu, with the charges referred to in Note no. 5 to Schedule 'C')
- Other outstanding guarantees furnished by Bankers

1983		1982	
Rs.	\$	Rs.	\$
407.35	38.49	479.38	45.30
11.44	1.08	7.82	0.93
33.32	3.14	18.29	1.72

(in million)

SCHEDULE 'N' (Contd.)

	1983		1982	
	Rs.	\$	Rs.	\$
(d) Bonds executed in favour of Excise and Customs Authorities	317.03	29.96	375.95	35.53
(e) Uncalled Liability on partly paid shares	0.02	—	0.02	—
(f) Claims against the Company not acknowledged as debts	21.28	2.01	2.18	0.21
(g) Export bills discounted against irrevocable letters of Credit	0.45	0.04	0.66	0.06
(h) Indemnities towards Export obligations against capital goods imports	29.85	2.82	8.65	0.82

14. (a) Licenced Capacity

Polyester Yarn (Based on average Denier of 40)
Spindles
Looms
Knitting Machines
(As per Textile Commissioner's Permit)

	Unit	1983	1982
	M.T.	10,000	10,000
	Nos.	50,868	50,868
	Nos.	940	940
	Nos.	22	22

(b) Installed Capacity

(As certified by the Management)
Polyester Yarn
(Based on average Denier of 40)
Spindles
Looms
Knitting Machines
Crimping and Twisting Machines

	M.T.	10,000	10,000
	Nos.	50,862	50,862
	Nos.	940	940
	Nos.	22	22
	Nos.	221	200

15. PRODUCTION

(in million)

Yarn (Cotton, Blended, Worsted, POY, Crimped, Twisted etc.)
Fabrics
Methanol (By-product)
including for captive use.

	Kgs.	23.72*	15.75
	Mtrs.	50.98	49.89
	Kgs.	6.34	1.04

(in million)

16. VALUE OF IMPORTS ON CHIEF BASIS IN RESPECT OF
(Based on retirement of documents)

- i) Raw Materials
- ii) Dyes and Chemicals and Stores and Spare Parts
- iii) Capital goods
- iv) Others

	1983		1982	
	Rs.	\$	Rs.	\$
i) Raw Materials	216.99	20.51	193.32	18.27
ii) Dyes and Chemicals and Stores and Spare Parts	29.57	2.79	11.37	1.07
iii) Capital goods	65.72	6.21	365.84	34.57
iv) Others	0.91	0.09	0.28	0.03

17. EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF

Interest on Foreign Currency Loans (including interest on Loans for future period Rs. 17.41 (\$ 1.65) million)
Other matters (including commitment charges Rs. 0.35 (\$ 0.03) million on foreign currency loans-Previous year Rs. 0.81 (\$ 0.08) million)
Technical know-how and Engineering Fees (net of taxes)
Erection Assistance Fees (net of taxes)

	49.77	4.70	234.03	22.12
	4.02	0.38	3.39	0.32
	—	—	45.95	4.34
	4.47	0.42	16.46	1.56

SCHEDULE 'N' (Contd.)

18. QUANTITATIVE INFORMATION IN RESPECT OF OPENING STOCK, CLOSING STOCK, PURCHASES, SALES AND CONSUMPTION OF RAW MATERIALS

(in million)

		1983			1982		
	Unit	Qty	Rs.	\$	Qty	Rs.	\$
(a) Opening Stock:							
Yarn	Kgs.	1.72	165.65	15.65	1.59	114.71	10.84
Fabrics	Mtrs.	4.92	173.56	16.40	6.29	155.31	14.68
Stock-in-process (Fabrics)	Mtrs.	8.59	226.84	21.44	10.44	172.58	16.31
Stock-in-process (Yarn)	Kgs.	1.35	94.52	8.93	0.26	37.25	3.52
Methanol (By-product)	Kgs.	0.07	0.43	0.04	—	—	—
Others	Kgs.	0.01	0.06	0.01	—	0.10	0.01
(b) Closing Stock:							
Yarn	Kgs.	2.38	274.77	25.97	1.72	165.65	15.65
Fabrics	Mtrs.	4.78	135.01	12.76	4.92	173.56	16.68
Stock-in-process (Fabrics)	Mtrs.	8.10	167.06	15.79	8.59	226.84	21.44
Stock-in-process (Yarn)	Kgs.	2.14	186.38	17.61	1.35	94.52	8.93
Methanol (By-product)	Kgs.	0.13	0.74	0.07	0.07	0.43	0.04
Others	Kgs.	0.01	0.14	0.08	0.01	0.06	0.01
(c) Purchases:							
Fibre	Kgs.	0.02	2.08	0.20	0.09	1.92	0.18
Yarn	Kgs.	1.65	272.55	25.75	1.12	175.53	16.59
Fabrics	Mtrs.	17.02	259.54	24.53	11.79	148.50	14.03
Sea Foods	Kgs.	0.47	29.93	2.83	3.10	166.70	15.75
Sundries	—	—	0.91	0.08	—	0.33	0.03
(d) Sales:							
Fibre	Kgs.	0.02	2.01	0.19	0.09	1.75	0.17
Yarn (Cotton, Blended, POY, Crimped & Twisted)	Kgs.	19.93	2950.09	278.78	11.84	1921.59	181.59
Fabrics	Mtrs.	68.15	2012.75	190.20	63.05	1966.80	185.86
Methanol (By-product)	Kgs.	6.27	32.56	3.08	0.97	6.14	0.58
Sea Foods	Kgs.	0.47	29.93	2.83	3.10	166.70	15.75
Sundries	—	—	0.91	0.09	—	0.33	0.03
(e) Raw Materials Consumed:							
D.M.T.	Kgs.	19.50	301.70	28.51	2.87	46.99	4.44
M.E.G.	Kgs.	6.53	97.36	9.20	1.09	14.48	1.37
Cotton	Kgs.	0.79	10.82	1.02	0.61	8.33	0.79
Fibre	Kgs.	1.69	139.37	13.17	1.50	315.05	10.87
Yarn	Kgs.	5.17	831.41	78.57	12.94	1976.13	186.74
Fabrics (Grey)	Mtrs.	9.02	133.34	12.60	10.48	200.21	18.92

(in million)

19. VALUE OF RAW MATERIALS CONSUMED

Imported (including Import Duty

Rs. 362.62 (\$ 34.27) million)

Indigenous

1983			1982		
Rs.	\$	% of total consumption	Rs.	\$	% of total consumption
568.43	53.72	37.54	1509.86	142.68	63.94
945.47	89.35	62.46	851.33	80.45	36.06
1514.00	143.07	100.00	2361.19	223.13	100.00

(in million)

SCHEDULE 'N' (Contd.)

	1983			1982		
	Rs.	\$	% of total consumption	Rs.	\$	% of total consumption
20. VALUE OF DYES AND CHEMICALS, STORES AND SPARE PARTS CONSUMED:						
Imported	64.46	6.09	29.94	23.49	2.22	16.11
Indigenous	150.86	14.26	70.06	122.35	11.56	83.89
	215.32	20.35	100.00	145.84	13.78	100.00

(in million)

21. EARNINGS IN FOREIGN EXCHANGE

Export of Goods on F.O.B. basis

Interest

Technical Know-how fees

	1983		1982	
	Rs.	\$	Rs.	\$
Export of Goods on F.O.B. basis	52.13	4.93	183.97	17.39
Interest	0.93	0.09	1.01	0.10
Technical Know-how fees	—	—	0.05	—

(in million)

22. REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND

The Company has not made any remittance in Foreign Currencies on account of dividend and does not have information as to the extent to which remittances in foreign currencies on account of dividend have been made by or on behalf of non-resident shareholders. The particulars as required are given herebelow as at the end of the year.

- i) Number of non-resident shareholders
- ii) Number of Equity Shares held by them
- iii) (a) Amount of Dividend paid (Gross)
(Tax at source Rs. 1.36 (\$ 0.13) million previous year Rs. 0.01 (\$ 0.001) million)
- (b) Year to which Dividend Relates

	1983		1982	
	Rs.	\$	Rs.	\$
i) Number of non-resident shareholders	44		20	
ii) Number of Equity Shares held by them	2986380		6135	
iii) (a) Amount of Dividend paid (Gross)	5.46	0.52	0.02	0.002
(b) Year to which Dividend Relates	1982		1981	

(in million)

SCHEDULE 'N' (Contd.)

SCHEDULE 'N' (Contd.)		1983		1982		
		Rs.	\$		Rs.	\$
23. (a)	Break-up of expenditure incurred on employees, who were employed throughout the year and were in receipt of remuneration for the year which in aggregate was not less than Rs. 36,000 (\$ 3402) per annum					
	Number of employees	265		219		
	Salaries & Bonus	10.05	0.95		8.21	0.78
	Contribution to Provident Fund & Superannuation Fund	2.26	0.21		1.84	0.17
	Other Perquisites	3.30	0.31		3.19	0.30
(b)	Break-up of expenditure incurred on employees who were employed for a part of the year and were in receipt of remuneration for any part of the year at a rate which in aggregate was not less than Rs. 3,000 (\$ 308.10) per month:					
	Number of employees	35		48		
	Salaries & Bonus	0.80	0.08		1.06	0.10
	Contribution to Provident Fund & Superannuation Fund	0.17	0.02		0.24	0.02
	Other Perquisites	0.27	0.03		0.43	0.04

As per our Report of even date

For **RAJENDRA & CO.,**
Chartered Accountants
R.J. SHAH
Proprietor

For **CHATURVEDI & SHAH**
Chartered Accountants
D. CHATURVEDI
Partner

V.M. AMBANI
Secretary

D.H. AMBANI

R.H. AMBANI

K. GOPAL RAO
J.R. SHAH
M.L. BHAKTA
K.S. SHENOY
A.J. ADVANI

N.H. AMBANI
R.C. PATEL
R.L. MESWANI
M.D. AMBANI

BOMBAY

Dated 26th March, 1984

Chairman & Managing Director

joint Managing Director

Directors

Executive Directors

BOMBAY
Dated 5th April, 1984

AUDITORS' REPORT

To
THE MEMBERS OF RELIANCE TEXTILE INDUSTRIES LIMITED

We have audited the attached Balance Sheet of RELIANCE TEXTILE INDUSTRIES LIMITED, as at 31st December, 1983 and also the annexed Profit & Loss Account of the Company for the year ended on that date. We report that:-

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion, proper Books of Account as required by law have been kept by the Company, so far as appears from our examination of the Books of Account.
3. The Balance Sheet and Profit & Loss Account dealt with by the report are in agreement with the Books of Account.
4. In our opinion and to the best of our information and according to the explanations given to us, the Accounts read with the notes thereon and subject to Note No.9 regarding non-receipt of Liquidator's Statement of Account, Note No.10 regarding non-provision of interest, Note No.11 regarding capitalisation of present and future interest and Note (f) of Schedule 'E' regarding rate of depreciation, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - i) in the case of the Balance Sheet of the state of affairs of the Company as at 31st December, 1983; and
 - ii) in the case of the Profit and Loss Account of the 'Profit' for the year ended on that date.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1975 issued by the Company Law Board in terms of section 227(4A) of The Companies Act, 1956 and on the basis of such checks as we considered appropriate, we further report that:-

1. The Company has maintained proper records showing full particulars including quantitative details and situation of all fixed assets except furniture and fixtures and factory equipments in respect of which proper records are maintained from 1st January 1979 onwards. The records for earlier years in respect of the furniture and fixtures and factory equipments are under compilation. All the fixed assets have been physically verified by the Management during the year and no serious discrepancies were noticed on such verification as compared with the available records.
2. None of the Fixed Assets have been revalued during the year.
3. Physical verification was conducted by the Management at reasonable intervals during the year in respect of finished goods, stores, spare parts and raw materials save and except goods lying with third parties. The discrepancies noticed on such verification as compared with the book records were not significant and the same have been properly dealt with in the Books of Account. The valuation of these stocks is fair and proper and is in accordance with the normally accepted accounting principles and is on the same basis as in the previous year.
4. The Company has not taken any loans from companies, firms or other parties listed in the registers maintained under section 301 and 370 (1-C) of The Companies Act, 1956.

5. Loans and Advances in the nature of loans have been given to the employees only, free of interest. The employees are repaying principal amount as stipulated in most of the cases.
6. On the basis of selective checks carried out during the course of the audit and according to the information and explanations given to us, there are adequate internal control procedures, commensurate with the size of the Company and the nature of its business for purchase of stores, raw materials including components, plant and machinery, equipments and other assets.
7. There are no purchases during the year of stores, raw materials or components from the firms or companies or other parties in which Directors are interested as listed in the register maintained under section 301 of The Companies Act, 1956. The Company has no subsidiaries.
8. As explained to us, the Company has a regular procedure for the determination of unserviceable/or damaged stores and raw materials. Adequate provision has been made in the accounts for the loss arising on the items so determined.
9. In our opinion and according to the information and explanations given to us the Company has complied with the provisions of section 58-A of The Companies Act, 1956 and Rules made thereunder, with regard to Fixed Deposits accepted from the Public.
10. In our opinion, the Company has maintained reasonable records for the sale and disposal of by-products and realisable scrap wherever significant.
11. The Company has an internal audit system commensurate with the size and nature of its business.
12. The Central Government has prescribed maintenance of cost records under section 209(1)(d) of The Companies Act, 1956 in respect of the manufacturing activities of the Company carried on at its Sidhpur and Patalganga Units for which prescribed accounts and records have, prima facie, been maintained. We have not, however, made a detailed examination of the same.
13. Provident Fund dues have been regularly deposited during the year with the appropriate authorities.
14. In respect of trading activities, we are informed that the Company does not have damaged goods lying with it at the end of the year. Therefore, no provision for any loss is required to be made in the accounts.
15. In respect of processing activities, the Company has a reasonable system of recording receipts, issues and consumption of materials and stores commensurate with its size and nature of its business and the system provides for a reasonable allocation of materials and man-hours consumed to the relative jobs. In our opinion, there is reasonable system for authorisation at proper levels with necessary control on the issues of stores and allocation of stores and labour to processing jobs.

For **RAJENDRA & CO.**
Chartered Accountants

R.J. Shah
Proprietor

Bombay
Dated 5th April, 1984

For **CHATURVEDI & SHAH**
Chartered Accountants

D. Chaturvedi
Partner